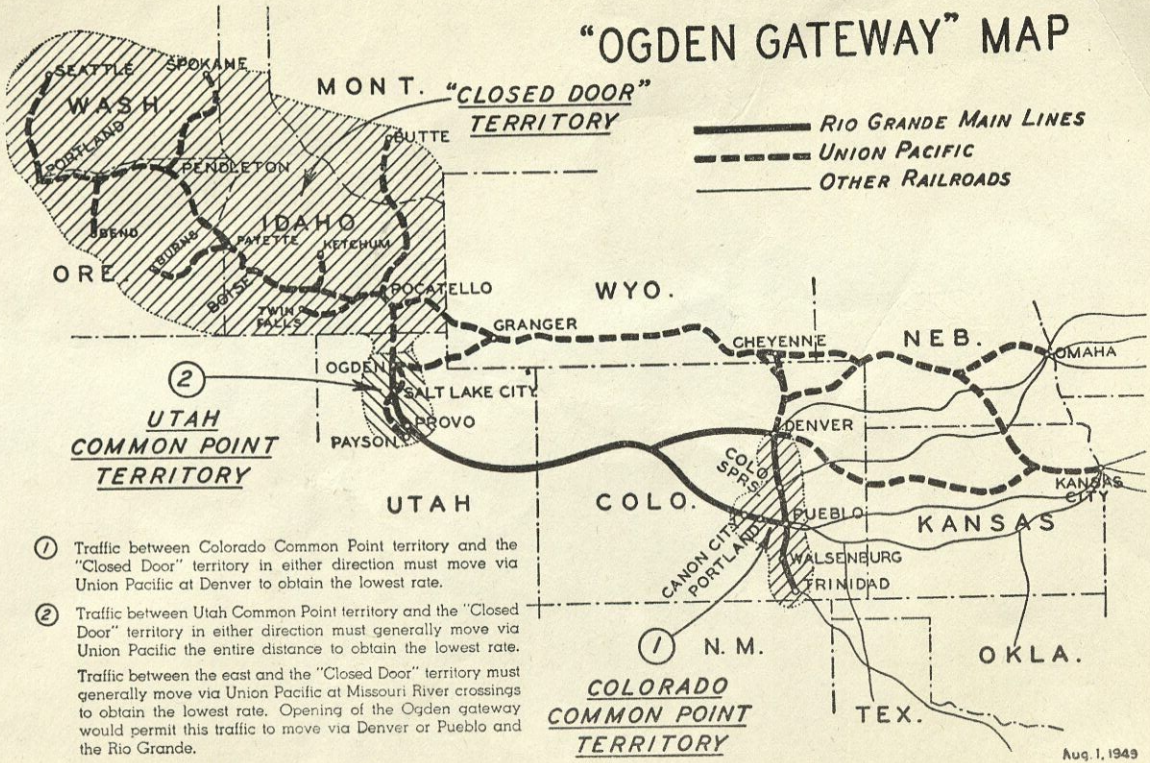
THE OGDEN GATEWAY

AN INFORMATIVE QUIZ

to aid in answering questions concerning a railroad controversy vitally important to the users of railroad transportation in Idaho and the Northwest now served only by the Union Pacific.

DENVER & RIO GRANDE WESTERN RAILROAD

"OGDEN GATEWAY" MAP



(1) Traffic between Colorado Common Point territory and the "Closed Door" territory in either direction must move via Union Pacific at Denver to obtain the lowest rate.

(2) Traffic between Utah Common Point territory and the "Closed Door" territory in either direction must generally move via Union Pacific the entire distance to obtain the lowest rate.

Traffic between the east and the "Closed Door" territory must generally move via Union Pacific at Missouri River crossings to obtain the lowest rate. Opening of the Ogden gateway would permit this traffic to move via Denver or Pueblo and the Rio Grande.

Aug. 1, 1949

On August 1, 1949, the Denver & Rio Grande Western Railroad filed an action (ICC Docket 30297) against the Union Pacific Railroad and other railroads parties to certain existing freight tariffs. The action centers on refusal of the Union Pacific to establish competitive joint through freight rates with the Rio Grande via Ogden, Utah.

Main purpose of this proceeding is to bring about the fullest possible utilization of existing railroad facilities, including Rio Grande's two main lines through Colorado and Utah, which are strong links in the transcontinental rail system.

Choice of routes should be a matter for the shipper to decide—the traffic belongs to him and not to any railroad. It is not in the public interest to allow any railroad, by means of discriminatory freight rates, to force traffic over its lines.

Denver & Rio Grande Western Railroad

Excerpt from

THE NATIONAL TRANSPORTATION POLICY

"It is hereby declared to be the national transportation policy of the Congress . . . . **to encourage the establishment and maintenance of reasonable charges for transportation services, without unjust discriminations, undue preferences or advantages, or unfair or destructive competitive practices** . . . .

All of the provisions of this Act shall be administered and enforced with a view to carrying out the above declaration of policy."

20 questions

1. What Is the Ogden Gateway?

A physical railroad connection between the Denver & Rio Grande Western and Union Pacific at Ogden, Utah, over which cars are transferred from one road to the other.

2. What Is Meant by the "Closed" Gateway at Ogden?

Ogden exists as an interchange point between the two lines but its use on competitive traffic requires the payment of higher freight rates. To illustrate: Traffic to and from the northwest which moves exclusively via the Union Pacific all the way or to or from the Missouri River pays the lowest through joint freight rate. Similar traffic which uses the Rio Grande for part of its journey, and is interchanged with the Union Pacific at Ogden, must pay a combination rate considerably higher than the joint through rate. Consequently, as a matter of simple economics, shippers won't use the Rio Grande.

3. What Is the Effect of the Closed Gateway?

(See map inside front cover.) Basically it discriminates against shippers and receivers of freight within the exclusive Union Pacific territory, depriving them of the customary privilege of deciding for themselves which routing would best serve their needs. As a result, they are denied equal competitive position in certain markets, and do not enjoy as wide a variety of transit privileges as would be available to them with the opening of the Ogden gateway.

4. How Does the Rio Grande Seek to Open the Ogden Gateway?

The Rio Grande has filed a complaint (No. 30297) with the Interstate Commerce Commission which asks that the Union Pacific cease what the Rio Grande claims to be violations of the Interstate Commerce Act and of the National Transportation Policy, and that the Union Pacific be required to establish competitive joint through freight rates to and from Northern Utah, Idaho, Montana, Oregon, Washington and British Columbia via the Ogden gateway. The commission will conduct hearings at which all interested parties will be permitted to offer testimony, will impartially weigh the evidence, and decide the case on its merits.

5. How Will the Rio Grande Benefit from Opening of the Ogden Gateway?

The Rio Grande will benefit only to the extent that shippers find it desirable or profitable to use its service.

6. Why Does the Union Pacific Oppose Opening of the Ogden Gateway?

The Union Pacific now enjoys a rail transportation monopoly in the closed-door territory. Present rates enable the Union Pacific to exact its long haul in both directions not only on traffic it originates, but also on traffic originated by other railroads. The Union Pacific is in the enviable position of being able to "eat its cake and have it too." Quite naturally self-interest dictates its policy of vigorous resistance to the Rio Grande proposal.

7. Will the Open Ogden Gateway Reduce Freight Rates?

Let's look at the record. The Rio Grande filed its complaint August 1, 1949. It is significant that, since that date, Idaho shippers already have been encouraged to file—and the Union Pacific itself has filed—proposals for lower rates on various commodities.

8. Will the Open Gateway Provide Improved Service?

YES. The history of American progress is the history of free and fair competition. Equalization of rates, via the Rio Grande, ending the existing Union Pacific monopoly in the closed-door territory will result in more alert attention to the wants and the needs of shippers. Opening of additional routes will give the shipper greater flexibility in routing his shipments, and in some cases will give him the benefit of a shorter route. The shipper will then be able to take advantage of the routing most profitable to him.

9. With Opening of the Gateway, Will There Be More Freight Cars Available for Northwest Shippers?

YES. No American railroad operates only with its own freight cars. Next time you see a Union Pacific freight train—or any other—notice how many of the cars belong to other lines. Interchange of equipment is common between all railroads. Both the Union Pacific and the Rio Grande, for example, are supplied refrigerator cars by companies whose business it is to supply these cars as they are needed from time to time in all parts of the United States. Pacific Fruit

Express supplies Union Pacific, and American Refrigerator Transit supplies the Rio Grande. The Rio Grande thus has 11,507 American Refrigerator Transit cars to draw upon. These not only are adequate for shipments originating on its own lines in Colorado and Utah, but should need arise under an open gateway at Ogden, could supplement Pacific Fruit Express cars in the closed-door area. Under open competition, the Rio Grande would be in a position to assist in relieving any shortage which might arise in the closed-door territory, as proved by the fact that during the month of August, 1949, the Rio Grande delivered 2,149 empty cars, including 200 American Refrigerator Transit cars, to its other western connections at Ogden and Salt Lake City for return loading.

10. Will More Markets Be Available to Northwest Producers and Manufacturers?

YES. Time and flexibility of movement are of tremendous importance in today's highly competitive business system. This is particularly true for the shipper of perishables. Modern marketing is more and more dependent upon transit arrangements whereby cars may be diverted to a different destination while in transit, thus enabling the shipper to start his products moving before a sale is made, and permitting him to take prompt advantage of changing market conditions. More markets and added flexibility of routing at equal rates are immediate advantages which will come with opening of the Ogden gateway. Only the Union Pacific stands to gain by continuing the closed door.

11. Will an Open Gateway at Ogden Benefit Colorado and Utah?

YES. Any region thrives with an increase of traffic handled through it. Railroads are the main arteries of commerce; they feed and are in turn fed by the communities they serve. An increase in business thru these states quite naturally will be beneficial to them. The availability of transit at points along the line of the Rio Grande, now denied to or from the closed-door territory, will profit both shipper and receiver as well as the user of transit at the intermediate points. An "open door" at Ogden would add Rio Grande routes to those applicable and would permit utilization of all possible routes. Thus Colorado and Utah storage and distribution centers would be able to function at their most efficient level and no hampering restrictions, such as exist today, would operate as a drag on modern distribution methods.

12. Will an Open Gateway at Ogden Benefit Shippers Outside of Union Pacific or Rio Grande Territory?

YES. Attention is constantly directed to the fact that all shippers do not realize the existence of a "closed door" in the west. Scarcely a week passes without some cars reaching the Rio Grande enroute to destinations behind the "door". The billing on these cars carries shippers routing reading "via Rio Grande". Despite the vigilance of connecting railroads operating from the Missouri River, who of course know all about the exacting demands of the present tariffs with respect to Union Pacific totalitarian routes, some cars slip by the forbidden frontier

—in this case the Missouri River—and are then subject to higher combination rates. It is unusual for railroads to prohibit routing via such a natural junction point as Ogden, and many shippers can't be blamed for not knowing that they cannot use that junction to the closed-door territory at equal rates. Frequently they want to partially unload the cars at Colorado Springs, Pueblo, Grand Junction or some other point on the Rio Grande. In these numerous instances shippers in other sections would benefit by the removal of the last major barrier to the smooth and easy routing pattern that should be theirs to use.

13. Will Opening of the Ogden Gateway Reduce Railroad Employment in the Closed-Door Territory?

NO. Employment on the Union Pacific should not be affected adversely in the closed-door territory. Whether shipments move over the Union Pacific long-haul route or are interchanged with the Rio Grande at Ogden, no less traffic should move in and out. No smaller number of cars and trains, no fewer employes will be required. It is reasonable to expect that additional business will be developed, and to that extent employment will be increased.

14. Will the Opening of the Ogden Gateway Reduce Taxes Paid in the Closed-Door Territory?

NO. As pointed out in the preceding paragraph, there should be no decrease in transportation facilities, equipment or payroll in the closed-door territory. In all likelihood an increase in traffic volume can be anticipated. Therefore, it is difficult indeed to see how Union Pacific taxes could be reduced.

15. Will the Rio Grande Build Any Track in Idaho and the Northwest and Thereby Become a Taxpayer in This Area?

NO. Neither has the Union Pacific built tracks in Texas, or Pennsylvania, or Illinois, for example. In these and other states where it owns no tracks the Union Pacific competes with other railroads and enjoys a considerable volume of business from and to points therein. Railroads are important local taxpayers only in states where they operate . . . just as you, as a producer, or business man, or manufacturer, pay taxes only in the state where you maintain facilities or own property. Each railroad provides facilities and equipment adequate not only for the needs of the area it serves directly, but also to expedite handling of traffic destined to or from points beyond its own terminals.

16. Does the Union Pacific Now Hold a Rail Transportation Monopoly in the Closed-Door Territory?

YES. By means of discriminatory freight rates, the Union Pacific is able to effectively dictate the routes which shippers from and to the closed-door territory shall use.

17. Is This Monopoly Harmful?

YES. The Union Pacific is one of the nation's great railroads—a fact ungrudgingly acknowledged by the Rio Grande. But, the American transportation system has been built on a basis of free interchange of traffic. **No area can be artificially separated from any other section** without seriously damaging the restricted area.

18. Is This Rail Monopoly a Transportation Monopoly?

NO. For example, the Public Utilities Commission of Idaho and the Interstate Commerce Commission have issued scores of permits authorizing motor carriers to operate on highways paralleling Union Pacific tracks and honeycombing its exclusive railroad territory. The day of transportation monopoly for railroads has passed. The most effective means yet found for railroads to meet the competition of other forms of transportation has been to join each other in fair and flexible routes and rates. The shipping public will then choose that form of transportation which best serves its needs.

19. Is the Rio Grande's Action an "Invasion of Exclusive Union Pacific Territory"?

YES. The Rio Grande, if successful in this action, will liberate shippers and receivers in the closed-door territory, and remove the shackles which have deprived them of their inherent right to choose the routes over which their shipments move.

20. *Does the Rio Grande Today Contribute Anything Tangible to the Welfare of the Closed-Door Territory?*

YES.

(a) Raw materials, notably coal, originate in vast quantities in Rio Grande territory, contributing to the prosperity of industry and the comfort of residents in the closed-door territory. It is common railroad practice, and rightly so, to provide relatively lower rates on inbound raw materials than on finished products. In this case, the Rio Grande makes its contribution in hauling low-rated traffic, but receives no compensating benefits in hauling the outbound higher-rated traffic.

(b) Rio Grande territory today provides a substantial market for lumber, food products, and manufactured articles such as fertilizer—all produced in abundance in the closed-door territory.

(c) The Rio Grande today plays the thankless role of a standby route on competitive traffic. In times of emergency, as dramatically demonstrated during the war years, and again in early 1949 when snow storms and blizzards paralyzed its northern neighbors, the Rio Grande met all demands made upon it. It then rendered stalwart service to Uncle Sam, to the people of the northwest, and at the same time performed its usual functions. Its capacity to handle additional traffic was proved beyond question. Surely the Rio Grande, invaluable and used in times of war and storm, should not be denied the right to serve in times of peace and fair weather.

If you desire further information on this subject, your inquiry directed to either of the following, will receive a prompt reply:

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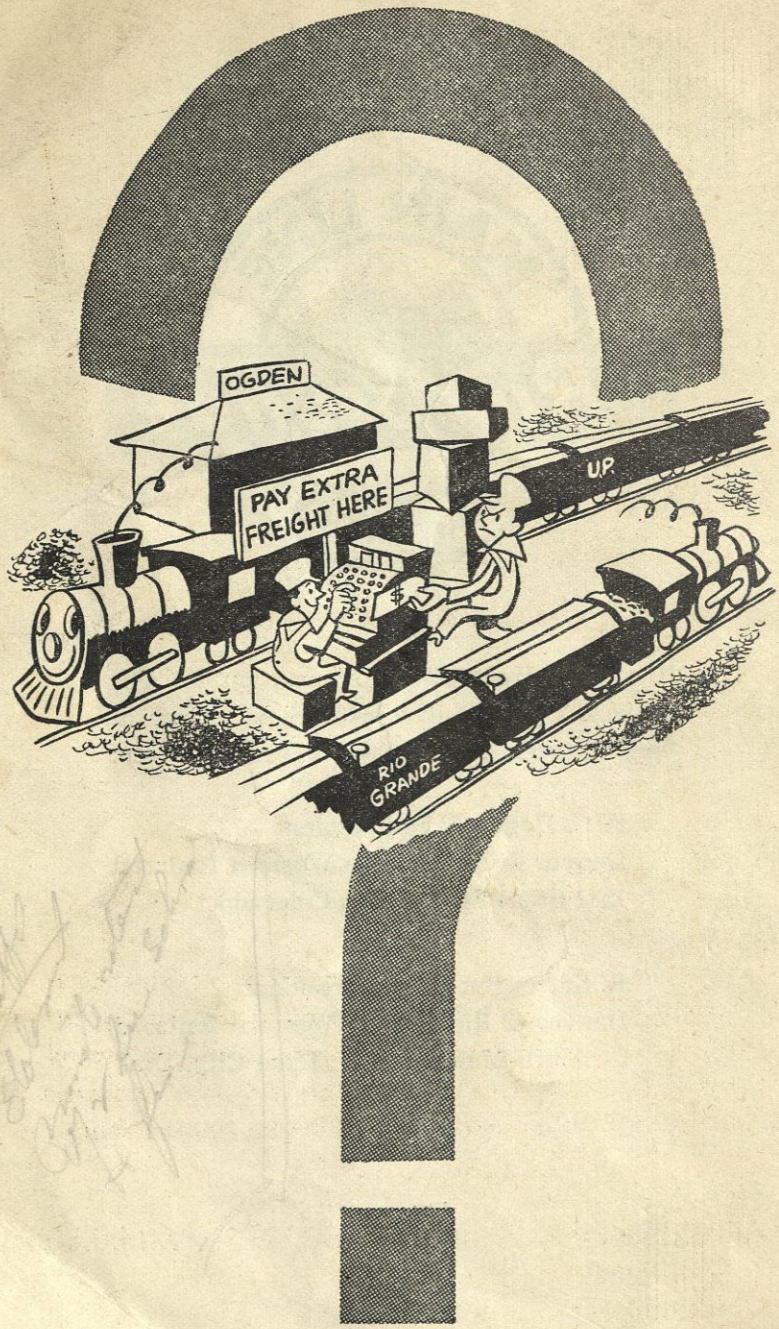
1531 Stout St., Denver, Colorado

or

R. K. Bradford, Vice-President
Denver & Rio Grande Western Railroad
24 South Main St., Salt Lake City, Utah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